

KBRA Assigns Ratings to Avidbank Holdings, Inc.

NEW YORK (December 12, 2019) – Kroll Bond Rating Agency (KBRA) assigns a senior unsecured debt rating of BBB, subordinated debt rating of BBB-, and short-term debt rating of K3 to San Jose, California based Avidbank Holdings, Inc. (OTC: AVBH) (“Avid” or “the company”). Additionally, KBRA assigns deposit and senior unsecured debt ratings of BBB+, a subordinated debt rating of BBB, and short-term deposit and debt ratings of K2 to lead subsidiary Avidbank (“the bank”). The Outlook for all long-term ratings is Stable.

Avid’s ratings are supported by its solid management team, which has extensive industry knowledge, particularly in the context of its business lines. Additionally, management maintains deep ties to both the local communities it serves as well as the relevant stakeholder community in the case of private equity and venture capital firms with which it operates. Avid has demonstrated steady progress in improving profitability, driven by comparatively favorable NIM and scaling in its businesses. Avid has positioned itself as the responsive alternative to large corporate banks which dominate the competitive landscape in San Jose. This has allowed the bank to attract both clients and talent. The company has demonstrated comparatively favorable asset quality metrics since the financial crisis, particularly low loan loss trends, though this is aided by the prolonged benign operating environment. There is a degree of uncertainty given the bank’s rapid loan growth with respect to seasoning of the portfolio should the credit cycle turn. The ratings are constrained by the bank’s comparatively higher credit risk appetite and profile. This concern is largely mitigated by appropriate risk-based loan pricing, credit structures and monitoring, as well as the bank’s credit loss history, loan growth rates notwithstanding. The company’s ratings are further constrained by the lack of diversification in revenue sources. In addition, risk-weighted capital measures have run moderately below peer averages. In this regard, KBRA expects the capital profile to steadily build.

To view the report, click [here](#).

The ratings are based upon KBRA’s [Bank & Bank Holding Company Global Rating Methodology](#) published on October 16, 2019.

Analytical Contacts:

M Scott Durant, Director
(301) 969-3248
sdurant@kbra.com

Shannon Servaes, Senior Director, CFA, CPA
(301) 969-3247
sservaes@kbra.com

Business Development Contact:

Dave DeMilt, Managing Director
(646) 731-3335
ddemilt@kbra.com

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